

Message Text

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PAGE 01 BRUSSE 08804 081525Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-01 INR-10 NSAE-00 SP-02 STR-07 TRSE-00 LAB-04
SIL-01 OMB-01 AGRE-00 L-03 /056 W
-----043039 081533Z /75

R 081526Z MAY 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6427
INFO ALL EC CAPITALS

UNCLAS BRUSSELS 08804

USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: EC CORN LEVIES

REF: (A) BRUSSELS 7426; (B) HAGUE 2277

1. IN RESPONSE TO COMMISSION OFFICIAL DE GRUBEN'S DEFENSE
OF PRICES USED BY THE COMMISSION IN CALCULATING THE CORN
LEVY (PARA 3 OF REF A), A CONTACT IN THE GRAIN TRADE MADE
THE FOLLOWING POINTS:

A. THE TIME LAG CITED BY DE GRUBEN IS UNDERSTOOD AND
ACCEPTED BY THE TRADE AND IS NOT RESPONSIBLE FOR THE DIS-
CREPANCIES THEY COMPLAINED ABOUT (REF A). THE PRICE USED
BY THE COMMISSION AS THE BASIS FOR THE LEVY HAS BEEN QUOTE
CONSISTENTLY AND MANIFESTLY LOWER UNQUOTE THAN THE CHEAP-
EST PRICES THAT APPEARED IN THE MARKET AND AT WHICH
TRADES IN EFFECT TOOK PLACE.

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B. DE GRUBEN'S COMMENT THAT THE TRADE HAS NO CAUSE
FOR COMPLAINT IN A RISING MARKET IS QUOTE PURE NONSENSE
UNQUOTE BECAUSE THE MARKET CAN TURN AROUND AT ANY TIME.

C. THE TRADE SAID THAT THE BEST PROOF THAT LOWER
REPORTED PRICES ARE NOT FIRM OFFERS IS THAT THEY WOULD

HAVE BEEN ACCEPTED IF THEY HAD BEEN. DOCUMENTATION ON
TRADES CONSUMMATED CAN BE FURNISHED BY SWORN BROKERS.

D. THE COMMISSION MAY BE MAKING THEIR OWN CIF CAL-
CULATIONS AND IGNORING THE HIGHER FOB PREMIUMS THIS YEAR
DUE TO CONGESTION AND SLOWER LOADING.

2. COCERAL (EC-WIDE ORGANIZATION OF GRAIN AND FEED
TRADERS) SECRETARY GENERAL CONFIRMS THAT COCERAL HAS
LODGED A COMPLAINT WITH THE COMMISSION ON CORN LEVY
ISSUE (REF B). THIS COMPLAINT ALLEGES THAT THE OFFER
PRICES USED BY THE COMMISSION IN CALCULATING LEVIES DO
NOT REPRESENT THE TRUE MARKET. IT THEN CITES SEVERAL
PRICE DISCREPANCIES OVER THE APRIL 2-6 PERIOD AND
CONCLUDES BY URGING THAT MEASURES BE TAKEN TO INSURE
THAT LEVIES ARE CALCULATED ON THE BASIS OF REALISTIC
CIF PRICES. HINTON

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Message Attributes

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